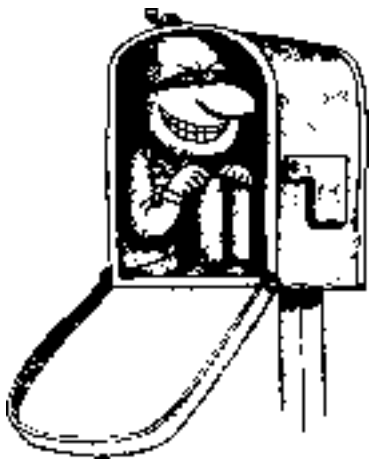


Facts for Consumers

Catch The Bandit in Your Mailbox



Federal Trade Commission Toll-free 1-877-FTC-HELP
www.ftc.gov For the Consumer

October 1999

Solicitations are among the 180 billion pieces of mail the U.S. Postal Service delivers each year. While most are for legitimate products, services and charities, others definitely are not. They're the scams, sent by bandits to capitalize on your financial needs, naivete, optimism — or everyone's fantasy of hitting the jackpot.

How can you tell the difference between an offer from a legitimate organization and one from an outfit that's just out to steal your money? It's no easy task. Sham solicitations are slick looking, skillfully written, and can be very convincing. But according to the Federal Trade Commission, the U.S. Postal Inspection Service, and your state Attorney General, a savvy consumer can learn to see through a scam, and boot the bandit right out of the mailbox. That's because most mailbox scams are just variations on the same themes: promises of easy money or easy credit or *guarantees* that you're a winner of a *fabulous* or *valuable* prize.

Everyday Mailbox Scams

Magazines

You get a postcard that says nothing about subscriptions but asks you to call a telephone number about a contest, prize or sweepstakes entry. If you call, you *may* get information about contest prizes or drawing dates; you'll *definitely* get a sales pitch for magazine subscriptions. The problem: Offers for "free," "prepaid," or "special"

magazine subscription deals often leave you with years of monthly payments for magazines you may not want or could buy for less elsewhere. These are deals you can do without.

Prize Offers

The mail announces your eligibility for a contest or says you may have won a fabulous prize, but you'll need to pay, at the very least, for a 900 phone number and shipping and handling, before you can enter the contest or collect the prize. Toss any solicitation that asks for money up front. The problem: Sham solicitations describe the prizes as being far more valuable than the merchandise they're asking you to buy.

Foreign Lotteries

U.S. law prohibits the cross-border sale or purchase of lottery tickets by phone or mail. It's that simple. However, if you've ever bought a foreign lottery ticket, you will receive more solicitations for lotteries or foreign investments in your mail. The reason? Fraudulent marketers buy and sell lists of people who have already fallen for scams. You also may receive solicitations that refer to secret systems to make you a winner. Toss them first; then ask yourself two key questions: If there was a secret system, why would a stranger want to share it with you? Why are you hearing about it for the first time through the mail?

Pyramid Schemes

You get solicitations in the mail for schemes that pay commissions for recruiting distributors, not for making sales. The solicitations usually ask new distributors to pay for high-priced products and claim that you'll make money from the sales of the distributors you've recruited. These are pyramid schemes. The problems: First, pyramid schemes are illegal; they collapse when no new distributors can be recruited. Second, only those at the very top make money, at least until the law catches up with them.

Bogus credit card offers and advance fee loans

You receive offers for credit cards or promises or guarantees of loans on easy terms, regardless of your credit history. The fees for these "guaranteed" offers start around \$100. The problems: Legitimate lenders never guarantee credit. If you get anything, it will be a list of lenders who will reject your application if you don't meet their qualifications.



Pitches for Credit Repair

Your mail is filled with offers from credit repair companies and credit clinics that claim they can clean up your credit history — for a fee — so you can qualify for a credit card, auto loan, mortgage, or job. The problem: It's illegal to charge an upfront fee for credit repair. There's nothing

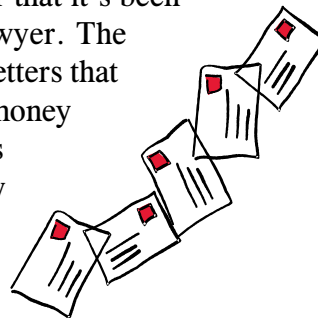
a credit repair company can do for you for a fee that you can't do for yourself for free. You can correct genuine mistakes or outdated information yourself by contacting credit bureaus directly.

Travel Scams and Vacation Prize Promotions

Certificates that congratulate you on winning an exotic trip or fabulous vacation offer may indicate that you are one in a million or "specially selected." The problems: These unsolicited mailings land in millions of mailboxes, and the promoters couldn't possibly make good on the promises. Inevitably, the cruise ship is a ferry, the hotel accommodations are shoddy, and you usually have to pay for an upgrade. In addition, scheduling the vacation at the time you want may require an additional fee.

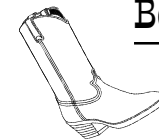
Chain Letters

You receive a letter asking you to send a small amount of money to a name on a list, replace one of the names on the list with your own, and then forward the revised message. The letter may claim that the scheme is legal or that it's been reviewed by a lawyer. The problem: Chain letters that ask you to send money are almost always illegal, and nearly everyone who participates in them loses.



Bogus Charities

Over half a million federally recognized charities solicit for contributions. Most are legitimate, but not all. A legitimate charity sends information about its mission, how your donation will be used, and proof that your contribution is tax-deductible. The problem: Some phony charities use names that sound or look like those of respected organizations. If you have doubts about the legitimacy of a charitable organization, check with groups like the Philanthropic Advisory Service (703-276-0100), the National Charities Information Bureau (212-929-6300), your state Attorney General, or your local consumer protection agency.



Booting the Bandit

Whether the fraudulent solicitation takes the form of a chain letter, a business opportunity, or another "guaranteed" path to easy money, it's best to beware and prepare. Here's how to boot a bandit out of your mailbox:

- ✉ Toss any solicitation that asks for payment for a "free" gift. If it's free or a gift, you shouldn't have to pay. Free is free.
- ✉ Toss any solicitation that doesn't clearly identify the company and its street address and phone number. Pay particular attention if you are directed to call a toll-free number for more

information about a product or service. Often, when you dial a toll-free number in response to a bogus solicitation, you are secretly connected through to a pay-per-call 900 number. In that case, you are paying to listen to a sales pitch for a product, service, prize, contest, or sweepstakes.

- ✉ Toss any solicitation that looks like a government document and suggests contest winnings or unclaimed assets are yours for a small fee. The government doesn't solicit money from citizens.
- ✉ Toss any solicitation for a "prepaid" or "special" deal with a nominal monthly "processing fee." You'll save yourself years of monthly payments for products or services you no longer want or could pay less for elsewhere.
- ✉ Toss any solicitation that asks for your bank account or credit card account number.
- ✉ If you're tempted to send any money for a product or service that's being touted through the mail — and it's a company you've never heard of — take your time. Check out the company — or the offer — with the Attorney General or Better Business Bureau in your state and the state where the company or organization is

located. This is not foolproof, though. There may be no record of complaints if a company is too new or if it has changed its name.

For More Information

If you think you've received a fraudulent solicitation or been scammed by a mailbox bandit, the FTC, the U.S. Postal Inspection Service, and your state Attorney General may be able to help. While the FTC cannot resolve individual disputes, the information you provide may indicate a pattern of possible law violations requiring action by the Commission. You can file a complaint with the FTC by contacting the Consumer Response Center by phone: toll-free 1-877-FTC-HELP (382-4357); TDD: 202-326-2502; by mail: Consumer Response Center, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580; or by email: use the complaint form at www.ftc.gov.

You also can contact your local postmaster or call the Mail Fraud Complaint Center toll-free at 1-800-372-8347 or visit them online at www.usps.gov/feedback.

For more information about recognizing frauds, ask for a free copy of *Best Sellers*, a complete list of FTC publications. Write: Consumer Response Center, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580; visit the FTC at www.ftc.gov; or call toll-free 1-877-FTC-HELP.